

LOAN application for groundwater recharge project feasibility study

California Department of Water Resources
Division of Planning and Local Assistance
Division of Fiscal Services

June 1998

Introduction

The Safe, Clean, Reliable Water Supply Act (*Proposition 204*) provides \$25,000,000 for loans to assist local agencies in planning and constructing water conservation and groundwater recharge facilities. The Bond Law establishes a limit of \$750,000 (*3 percent of the total*) for financing feasibility studies. A single study may receive up to \$100,000.

The interest rate for these loans will be equal to one-half the interest rate that the State pays on the general obligation bonds sold to finance the program.

This application is only for those seeking a feasibility study loan.

Feasibility studies demonstrate whether a proposed project is feasible in its engineering, hydrogeologic, hydrologic, environmental, economic, and financial aspects. The results of these studies should provide the data necessary to develop a complete construction loan application.

A construction loan application may be obtained from the Department of Water Resources (*DWR*) as a guide in preparing the feasibility study work plan.

Applicants may not simultaneously request loans for both a feasibility study and project construction for a single project. To obtain a construction loan application, contact DWR's San Joaquin District, Groundwater Section at 559/230-3354.

The applicant agency is responsible for repaying the feasibility loan. If the agency wishes to begin work before a contract is executed with DWR and obtain reimbursement for these costs, the agency must contact DWR at 916/327-1663 prior to incurring costs.

Agencies must submit the attachments identified and described in Parts A (*pages 7 to 19*) and B (*page 21*) of this application.

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General instructions

Who can apply?

Local agencies are eligible for loans. A local agency is any city, county, city and county, district, joint powers authority, or other political subdivision of the State involved in water management. The applicant agency will be responsible for repaying the loan.

Eligible groundwater recharge projects may include, but are not limited to:

- ▶ developing land and constructing facilities for artificial recharge through percolation basins, pits, ditches, furrows, modification of streambeds, flooding, or well injection,
- ▶ in-lieu recharge, or
- ▶ expanding, renovating, or restructuring land and facilities already in use for the purpose of groundwater recharge.

Projects that develop new water supplies (*such as constructing a new dam*) are not eligible for loans under this program but may be eligible under the local projects program. Call the Division of Planning and Local Assistance at 916/327-1775 and leave a message to obtain additional information regarding the local projects program.

This application is only for those seeking a loan for a feasibility study of a potentially eligible project, as described above.

More detailed descriptions are provided in each relevant section of this application.

Completed applications will be evaluated on a “first come, first served” basis.

Help filling out the application

DWR needs specific information to evaluate your loan request. For help in completing the application, the following people can assist you.

Questions about Part A should be referred to:

- ▶ Linda Buchanan Herzberg
Department of Water Resources
Division of Planning and Local Assistance
Sacramento
916/327-1663
Fax: 916/327-1648
E-mail: lbh@water.ca.gov

Questions about Part B should be referred to:

- ▶ Gary Shanks
Groundwater Section
San Joaquin District
Department of Water Resources
Fresno
559/230-3354
Fax: 916/230-3301
E-mail: gshanks@water.ca.gov

Submitting the application

The forms and attachments as described in this booklet are required for a complete application. Please submit three (3) copies of the application to:

- ▶ Department of Water Resources
San Joaquin District
Groundwater Section
3374 East Shields Avenue
Fresno, California 93726

Part A—Organizational, financial and legal information

State of California, The Resources Agency, Department of Water Resources

A-1

Application cover sheet

Application for a loan for a groundwater recharge project feasibility study under the Safe, Clean, Reliable Water Supply Act

The _____
(Exact legal name of agency applying for and repaying loan)

of _____
(Mailing address of agency)

of the County of _____, State of California, does hereby apply to
the California Department of Water Resources for a loan in the amount of \$ _____
for the following feasibility study under the Safe, Clean, Reliable Water Supply Act:

(Specify feasibility study title)

Requested repayment term is _____ years (not to exceed 5 years).

By _____ Date _____
(Signature of authorized representative, see Section A-4, page 11)

(Print or type name of authorized representative)

Title _____

Telephone (____) _____

Fax (____) _____

E-mail _____

Agency representatives

Name _____

Telephone (____)_____

E-mail _____

Name _____

Telephone (____)_____

E-mail _____

(Water district, irrigation district, city, etc.)

District No. _____

District No. _____

Mark as Attachment A-2.

A-3**Feasibility study cost**

- (1) Prepare a proposed itemized feasibility study budget.
- (2) Provide financing information about the proposed feasibility study (*see below*).

Mark as Attachment A-3.

Total cost of feasibility study: \$ _____

Amount to be funded under the Safe, Clean,
Reliable Water Supply Act: \$ _____

Requested repayment term (*5-year maximum*): _____
(Years)

Amount to be funded by the agency: \$ _____

Indicate agency's source of funds: _____

Amount to be funded externally: \$ _____
(Include any other pending applications)

Lender: _____

Lender: _____

Amount: \$ _____

Amount: \$ _____

Interest Rate: _____ Percent

Interest Rate: _____ Percent

Term: _____ Years

Term: _____ Years

Annual Payment: \$ _____

Annual Payment: \$ _____

A-4

Authorizing resolution

Include a resolution adopted by the agency's governing body authorizing the application for a water conservation project feasibility study loan under this program and designating a representative to sign the application. Appendix II on page 23 is a suggested resolution format.

Mark as Attachment A-4.

A-5

Financial statements

Attach copies of financial statements for the last three fiscal years of agency operation. Be sure to include:

- ▶ balance sheets,
- ▶ income statements,
- ▶ sources and uses of funds statements, and
- ▶ the most recent annual budget.

Please provide separate details for the Water Enterprise Fund.

Mark as Attachment A-5.

A-6

Cash reserves

List all cash reserves (*restricted and unrestricted*) and any planned uses of those reserves.

Mark as Attachment A-6.

A-7**Existing debt**

Summary of all existing agency long-term indebtedness, including bonds and any pending indebtedness (e.g., *US Department of Agriculture Rural Development loans or Economic Development Agency loans*). If necessary, include additional pages.

Mark as Attachment A-7.

Lender:	Lender:	Lender:
Original Principal \$ _____	Original Principal \$ _____	Original Principal \$ _____
Purpose: _____	Purpose: _____	Purpose: _____
Original Date: _____	Original Date: _____	Original Date: _____
Original Terms:	Original Terms:	Original Terms:
Percent _____ Years _____	Percent _____ Years _____	Percent _____ Years _____
Annual Payment _____	Annual Payment _____	Annual Payment _____
Current Principal \$ _____	Current Principal \$ _____	Current Principal \$ _____
Remaining years to pay _____	Remaining years to pay _____	Remaining years to pay _____

Has this agency ever issued bonds or notes for debt? Yes ☐ No ☐

If yes, provide the following information for the two most recent issues:

Purpose	Purpose
(Check one) <input type="checkbox"/> General Obligation <input type="checkbox"/> Revenue Bond	(Check one) <input type="checkbox"/> General Obligation <input type="checkbox"/> Revenue Bond
Principal Amount \$ _____	Principal Amount \$ _____
Interest Rate True interest cost <input type="text"/> Net interest cost <input type="text"/>	Interest Rate True interest cost <input type="text"/> Net interest cost <input type="text"/>
Terms _____	Terms _____
Date of Issue _____	Date of Issue _____
Rating _____	Rating _____
Rating Agency _____	Rating Agency _____

How will the proposed DWR loan affect long-term and short-term financial capacity (qualitatively/quantitatively)? _____

Current debt-to-income ratio: _____ (Percent) After proposed loan: _____ (Percent)

A-8

Repayment method

Indicate the agency's proposed method to repay the feasibility study loan:

☐ 1. Standby charges

☐ 2. Excess revenues

Source:

☐ 3. Cost savings

☐ 4. User fees:

☐ Flat rate

☐ Quantity of water used

☐ 5. Assessments

☐ 6. Other:

(describe)

If methods 1, 4, or 5 are to be used to repay the loan, include a plan to divide costs among the system users. Use dollar estimates.

Mark as Attachment A-8.

Loan security

[illegible]

Mark as Attachment A-9.

A-10**Rate and service structure**

Attach the agency rate structure for the last three (3) years.

Mark as Attachment A-10.

Estimated average monthly water bill: _____

Residential
Average month: _____

Agricultural
Average month: _____
(per acre-foot)

Peak month: _____ 19____

Peak month: _____ 19____

Total possible nonagricultural connections in service area: _____

Number of undeveloped parcels in service area: _____

Number of developed residential parcels: _____

Number of developed commercial parcels: _____

Indicate the approximate number of actual connections for the date and year listed below:

Number of Connections

Year/Date

Residential

Other

12/31/Current Year (CY)

12/31/CY + 1*

12/31/CY + 2*

12/31/CY + 3*

12/31/CY + 4*

* *Projections*

Volume of water delivered through system per year: _____

A-11**Population data** *(not applicable for agricultural projects)*

Total population of service area that will repay the loan:

Year-round/Permanent: _____ As of: _____
(Date)

Seasonal/Part-time: _____ As of: _____
(Date)

Seasonal peak population: _____

Persons per household: _____
(If applicable)

Source of population data information:

Projected population:

Current Year + 5 _____ Current Year + 10 _____

Source of projected population information:

Household median income of

water service area: \$ _____ As of: _____
(Date)

Source of household median income information:

What tax rate areas are included in the area to benefit from or pay for the project? *(This information is available from the county assessor.)*

County median income:

(Available from the county planning department)

Amount: \$ _____ As of: _____
(Date)

Source of county median income information:

Mark as Attachment A-11.

A-12**Agency authority**

Have the agency attorney answer the following six questions pertaining specifically to this loan application. For each question, cite statutory authority or other references.

1. Does the agency have the legal authority to enter into a loan contract with the State of California, such as this application? ____ Yes ____ No

Cite the statutory authority under which the agency may borrow funds for the purpose, amount, and duration requested.

2. What is the statutory authority under which the agency was formed and is authorized to operate?

3. Is the agency required to hold an election before entering into a loan contract with the State? ____ Yes ____ No

Cite the statutory authority or other references.

4. Does the agency have the legal authority to levy assessments and/or charges sufficient to repay the proposed State loan? (Also address *Loan security, Part A-9 on page 15.*)
____ Yes ____ No

Cite the statutory authority or other references.

5. Will a loan agreement between the agency and the State of California be subject to review and/or approval by other government agencies? ____ Yes ____ No

Identify all such agencies (*e.g., Local Area Formation Commission, local governments, U.S. Forest Service, California Coastal Commission, Health Services, etc.*).

6. Describe any pending litigation that impacts the financial condition of the agency or the operation of the water facilities. If none is pending, so state.

Mark as Attachment A-12.

Part B—Feasibility study work plan

The scope of the groundwater recharge feasibility study must be clearly stated in the work plan. The completed study should:

- ▶ Identify problems and goals;
- ▶ Evaluate alternative means of meeting the problems and goals;
- ▶ Identify a project that will best meet the problems and goals;
- ▶ Determine engineering, hydrogeologic, technical, and institutional feasibility of the proposed project;
- ▶ Determine the economic costs and benefits of the project;
- ▶ Determine the environmental impacts of the project and any significant environmental issues it will raise;
- ▶ Determine whether the proposed project will comply with federal, state, and local laws, regulations and guidelines;
- ▶ Determine which permits are needed for the project, and how to obtain them;
- ▶ Determine whether the project is likely to be supported by the public it will serve; and
- ▶ Enable the agency to complete a Proposition 204 construction loan application for the project (*copy of construction loan application package available*).

A draft final report of the feasibility study will be submitted to DWR for review and

comment. A final report will be required prior to final disbursement of loan funds.

B-1 Work plan

Provide a detailed work plan describing the tasks (*such as those described above, but in detail*) that you will undertake to complete the proposed feasibility study. This should include as much specific information as possible on the types of tests and analyses that will be performed, and the reports that you intend to produce as supporting documentation. Quarterly progress reports will be required and should be included as a task. An outline of suggested work-plan elements is provided in Appendix III on page 24.

Mark as Attachment B-1.

B-2 Time schedule

Provide a time schedule for accomplishing the specific tasks in your feasibility study work plan. This should be realistic, especially if a number of preliminary studies must be accomplished before the feasibility study can be completed. DWR requires quarterly progress reports under this loan program, and they should be included on the time schedule.

Mark as Attachment B-2.

B-3 Description of project

Provide a detailed narrative description of the proposed project, including a discussion of the situation that has created a need for the project and the purpose of the project.

Mark as Attachment B-3.

Appendix I

Checklist of attachments

Part A— Organizational/financial/legal information

- _____ A-1 Application cover sheet
- _____ A-2 Agency representatives
- _____ A-3 Feasibility study cost/budget
- _____ A-4 Authorizing resolution
- _____ A-5 Financial statements
- _____ A-6 Cash reserves
- _____ A-7 Existing debt
- _____ A-8 Repayment method
- _____ A-9 Loan security
- _____ A-10 Rate and service structure
- _____ A-11 Population data
- _____ A-12 Agency authority
- _____ Attachments A-1 through A-12

Part B— Feasibility study work plan

- _____ B-1 Work plan
- _____ B-2 Time schedule
- _____ B-3 Description of project
- _____ Attachments B-1 through B-3

Appendix II

Sample resolution

Resolution No. _____

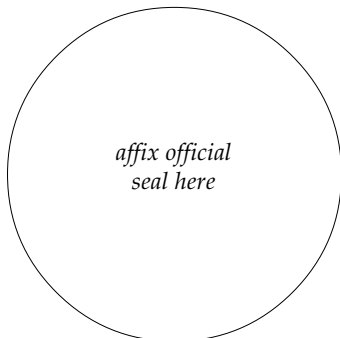
Resolved by the _____
(Governing body, city council, or other)

of the _____
(Agency, city, county, or other)

that pursuant and subject to all of the terms and provisions of the California Safe, Clean, Reliable Water Supply Act and amendments thereto, application by this _____
(Agency, city, county, or other) be made to the California Department of Water Resources to obtain a groundwater recharge project feasibility study loan.

The _____ of the
(Presiding officer, president, city manager, or other official)
_____ is hereby authorized and directed to
(Agency, city, county, or other)
prepare the necessary data, make investigations, sign, and file such application with the California Department of Water Resources.

Passed and adopted at a regular meeting of the _____
(Board of Directors, Supervisors, etc.)
of the _____
(Agency, city, county, or other)
on _____ .
(Date)



Authorized
Signature _____

Printed Name _____

Title _____

Clerk/Secretary _____

Appendix III

Feasibility study work-plan outline

The goals and objectives of the groundwater recharge feasibility study need to be specified in the work plan, including the problems to be addressed. Project alternatives will need to be identified.

The feasibility study should examine groundwater recharge project alternatives from an engineering, hydrogeologic, economic, environmental, institutional, and social basis. The completed study will provide information needed to enable the local agency to complete a groundwater recharge construction loan application for the preferred project alternative.

The feasibility study work plan should do the following:

- ▶ Determine the purpose of the feasibility study; identify goals to be completed; define the scope of the study;
- ▶ Determine the scope and identify the goals of the proposed project;
- ▶ Evaluate alternative means of meeting the project goals;
- ▶ Review background information;
- ▶ Determine the engineering, hydrogeologic, and/or hydrologic feasibility; define design criteria; develop dimensions; examine types of materials; consider construction methods; develop an estimated construction schedule; develop a construction inspection plan; define the service area; prepare a legal description as well as a project location map; evaluate constraints and requirements for easements, rights of way, land acquisitions; determine permit requirements; examine water rights;
- ▶ Provide economic justification; determine the costs and benefits of the proposed project; develop an engineer's project cost estimate; determine the construction loan amount;
- ▶ Determine the environmental impact; examine the CEQA and NEPA requirements; if necessary, prepare an Initial Study for CEQA to determine if an EIR or Negative Declaration needs to be prepared; develop mitigation measures if needed; examine social and economic impacts;
- ▶ Determine whether the proposed project will comply with federal, state, and local laws, regulations, and guidelines;
- ▶ Determine public support and/or opposition to the proposed project;
- ▶ Determine ways in which the local agency can generate funds to finance the proposed groundwater recharge construction project; and
- ▶ Develop a work-plan schedule which incorporates benchmarks for quarterly progress reports, a draft feasibility report, review of draft by DWR, and a final feasibility study report.